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REAGAN SAYS HE'LL MEET WITH SENATORS ON CIA BOSS

BY MICHAEL J. SNIFFEN

AND

ROBERT PARRY

ASSOCIATED PRESS WRITERS

WASHINGTON (AP) - PRESIDENT REAGAN SAID TODAY HE WILL MEET WITH SENATORS ABOUT HIS EMBATTLED CIA DIRECTOR; WILLIAM J. CASEY.

REAGAN; LEAVING A CAPITOL HILL MEETING WITH HOUSE REPUBLICANS; AGAIN EXPRESSED FAITH IN CASEY AND SAID "I HAVE NOT CHANGED MY MIND" ABOUT SUPPORTING HIM. "I'M TALKING TO SENATORS TODAY;" HE ADDED.

LATER; PRESIDENTIAL SPOKESMAN DAVID GERGEN SAID IT MAY BE STAFF MEMBERS; RATHER THAN REAGAN HIMSELF; WHO TALK WITH SENATORS. "THERE WILL BE DISCUSSIONS WITH SENATORS TODAY;" GERGEN ADDED.

NEITHER REAGAN NOR GERGEN SAID WHICH SENATORS WOULD BE INVOLVED OR WHETHER BOTH DEMOCRATS AND REPUBLICANS WOULD BE INCLUDED.

DEPUTY WHITE HOUSE PRESS SECRETARY LARRY SPEAKES SAID EARLIER THAT WHITE HOUSE CHIEF OF STAFF JAMES A. BAKER WOULD TALK TO SEN. BARRY GOLDWATER; WHO ON THURSDAY ACCUSED CASEY OF DAMAGING THE SPY AGENCY.

GOLDWATER; CHAIRMAN OF THE SENATE INTELLIGENCE COMMITTEE; PUBLICLY SUGGESTED THAT CASEY RESIGN AND SAID COMMITTEE INVESTIGATORS WERE EXAMINING WHETHER THE CIA DIRECTOR; WHO HAS BEEN ON THE JOB SIX MONTHS; MISLED THE SENATE DURING HIS CONFIRMATION PROCESS LAST JANUARY.

IN AN EXTRAORDINARY NEWS CONFERENCE THURSDAY NIGHT IN THE CAPITOL; GOLDWATER SHARPLY CRITICIZED CASEY'S CHOICE OF MAX HUGEL; A NEW HAMPSHIRE BUSINESSMAN WHO HAD WORKED ON THE REAGAN PRESIDENTIAL CAMPAIGN; TO BE THE CIA'S DIRECTOR OF OPERATIONS; A HIGHLY SECRET AND SENSITIVE JOB. CASEY WAS REAGAN'S NATIONAL CAMPAIGN DIRECTOR LAST YEAR.

"THAT HE (CASEY) APPOINTED AN INEXPERIENCED MAN TO BE IN EFFECT THE NATION'S TOP SPY WAS BAD ENOUGH;" GOLDWATER SAID. "I MUST SAY THAT AS A PERSON WITH A LONG INVOLVEMENT WITH INTELLIGENCE MATTERS; THAT WAS A VERY BAD MISTAKE AND I MIGHT EVEN SAY DANGEROUS."

"THE DAMAGE DONE BY MR. HUGEL'S APPOINTMENT IS A SUFFICIENT POSITION FOR MR. CASEY TO DECIDE TO RETIRE OR THE PRESIDENT TO HAVE HIM RETIRE;" THE SENATOR SAID.

THE ARIZONA REPUBLICAN NOTED; HOWEVER: "MR. CASEY IS A CREATURE OF THE PRESIDENT. AS LONG AS THE PRESIDENT RETAINS CONFIDENCE IN HIM; HE STAYS."

ARTICLE APPEARED
ON PAGE A-1

WILMINGTON EVENING JOURNAL
24 July 1981

CIA's Casey may face criminal probe

By Ralph S. Moyed
and Joe Trento

Staff writers

William J. Casey faced the possibility today of becoming the subject of a criminal investigation as well as the prospect of losing his job as director of the Central Intelligence Agency.

When Sen. Barry M. Goldwater, R-Ariz., chairman of the Senate Intelligence Committee, called for his removal Thursday night, he cited discrepancies in Casey's sworn testimony before the committee. At an extraordinary press conference, Goldwater told reporters the committee would turn the case over to the Justice Department if its staff can't get explanations.

There were broadcast reports that the committee already had contacted the Justice Department for an investigation of possible perjury in Casey's testimony before the committee during his confirmation hearing last January.

President Reagan said today he will meet with senators about Casey. Leaving a Capitol Hill meeting with House Republicans, he again expressed faith in Casey and said: "I have not changed my mind (about supporting him). I'm talking to senators today," he added.

Later, presidential spokesman David Gergen said it may be staff members, rather than Reagan himself, who talk with senators.

Meanwhile, Jack Blake, Intelligence Committee staff director, has requested former colleagues from the CIA's office of security to aid in the investigation of Casey's testimony about his business affairs and his associates, a committee source said.

At the CIA, a separate investigation is being undertaken to determine if any of Casey's associations have violated the agency's regulations, according to a high-level CIA official.

"We're still scrambling around on this entire matter," Dale Peterson, CIA spokesman, said this morning. "We're not ready with any comment as yet," he said.

Goldwater told reporters that Casey had earned dismissal when he appointed a businessman and political friend as the CIA's spymaster.

Moments after Goldwater's statement, Sen. Joseph R. Biden Jr., D-Del., a member of the committee, joined in demanding Casey's removal. He went further than Goldwater, however, declaring that Casey's business dealings establish him as a man who has "skirted the ragged edge of the law."

Using even stronger words, Sen. William V. Roth Jr., R-Del., also a member of the committee, called for Casey's resignation saying, "He has lost all credibility with the Senate Intelligence Committee.... Mr. Casey's past associations have compromised his integrity. The good of the nation requires William J. Casey to resign immediately."

The statements followed a day in which the committee staff obtained new and more damaging information on Casey.

The new information, sources said, included confirmation that at least one of Casey's partners in a failed business deal had links to organized crime.

The News Journal reported Saturday that Casey's friend and partner, Carl Biehl, is identified in Justice Department records as an associate of Gulf Coast mob figures.

The White House said it was aware of Goldwater's remarks. There was no immediate response from the CIA.

Other members of the Intelligence Committee said they doubted that Casey could continue running the spy agency without the support of the chairman of the committee that oversees its operations.

CIA sources said Goldwater was motivated in part by reports that the agency's counterparts in friendly nations have stopped sharing information with the CIA because of fears about Casey.

Britain's secret service acted last week to withhold reports from agents in the volatile Middle East, the Evening Journal has learned.

Goldwater concentrated his attack on Casey's appointment of Max Hugel, a New Hampshire businessman who worked for him in the Reagan presidential campaign, to be CIA deputy director in charge of clandestine operations.

"I believe that the placing of Mr. Hugel was a sufficient mistake for Mr. Casey to consider withdrawing himself or having the president do so," Goldwater told a press conference.

By concentrating on Hugel, Goldwater was offering the White House an easy way out of a growing scandal and attempting to limit political damage to the president, according to sources close to the inquiry.

Biden said he believes most members of the committee, especially Goldwater, favor Deputy CIA Director Bobby Ray Inman as Casey's successor.

The Evening Journal, meanwhile, has learned that Goldwater sent a letter to President Reagan urging Casey's dismissal. Another source said Vice President George Bush, a former CIA director, also had urged Reagan to remove Casey.

At his press conference, Goldwater said "we have some suspicion" that some files it sought from the FBI and the Securities and Exchange Commission are missing.

Casey headed the SEC during the Nixon administration.

Goldwater, Citing Hugel CIA's Casey Should

By George Lardner Jr. and Patrick E. Tyler
 Washington Post Staff Writers

Sen. Barry Goldwater, chairman of the Senate Intelligence Committee, said last night that CIA Director William J. Casey should resign because Max Hugel, his former clandestine service chief, was unqualified for the job and was forced to quit because of a financial scandal.

Goldwater, speaking at a hastily called news conference in the Capitol, severely criticized Casey's judgment in the appointment of Hugel, a former campaign aide, as the CIA's deputy director of operations, one of the most sensitive jobs in the government.

"That he appointed an inexperienced man to be in effect the nation's top spy was bad enough," the Arizona Republican said. "I must say that as a person with a long involvement with intelligence matters that it was a very bad mistake and I might even say dangerous because he is the man in charge of clandestine activities."

"That in itself constitutes the worst thing Casey has done," Goldwater said.

Goldwater called the news conference to deny a CBS News report that he had privately told Casey that it would be best for him to step down. But before it was over, Goldwater acknowledged repeatedly that he personally thought the Hugel appointment sufficient cause "for either Mr. Casey to decide to retire or for the president to ask him to retire."

Goldwater also made these points:

- The committee is investigating some apparent "inconsistencies" and discrepancies in Casey's various accounts of his involvement in a New Orleans agribusiness firm, Multiponics, Inc.

"I believe he's made the statement that he lost \$150,000. We have been told he made over \$750,000," Goldwater said.

- Committee investigators assigned last week to delve into Casey's activities have "some suspicion" that there are missing records but Goldwater refused to elaborate.

- The Senate panel intends to carry the investigation as far as it can, but may have to turn it over to the attorney general and perhaps the FBI.

While Goldwater repeatedly said that the decision on Casey is for the president to make, his criticisms of Casey last night were a serious erosion of the CIA director's support on Capitol Hill where he had spent the afternoon in private visits to senators, trying to shore up his position.

Hugel, whose lack of experience was roundly criticized by intelligence professionals when Casey appointed him, resigned last week hours after the publication of charges of two former stockbrokers who accused Hugel of conspiring with them to improperly boost the stock of Hugel's firm, Brother International Corp. The stockbrokers, Thomas R. McNeill and his brother, Samuel F. McNeill, alleged that Hugel secretly supported their efforts to illegally boost trading in Brother's stock by leaking them confidential insider information.

Despite these views, Goldwater said he saw no sign that President Reagan shared them. "I'll wait till he asks me," he said.

Aside from the Hugel episode, Casey's growing difficulties on the Hill stem from his own business ventures, such as his role in Multiponics, the large-scale farming operation that went bankrupt in 1971 and has been the subject of two adverse court rulings in the last year.

Both of those rulings have portrayed Multiponics officers and directors, Casey among them, as deceptive and self-serving businessmen who drove the company into debt and misled investors in a \$3.5 million fund-raising effort.

Goldwater said it appeared from "information that sort of dribbled through" to committee investigators thus far "that the statements he [Casey] made to us [about Multiponics] were not complete."

In a related matter, the list of legal clients that Casey submitted under the Ethics in Government Act at the time of his CIA appointment may also have been incomplete.

In one instance, Casey represented a New Jersey waste disposal firm with alleged ties to organized crime several years ago in an unsuccessful effort to head off SEC action

Inc.

Casey, a former chairman of the

... negotiated with commission lawyers on the firm's behalf in 1977 while he was affiliated with the New York-based law firm of Rogers & Wells.

When Casey was nominated to be CIA director earlier this year, he did not disclose that he had a client relationship with the firm, even though a confidential Rogers & Wells memorandum indicates that the law firm was still representing SCA Services in August, 1980.

Casey's requirement for disclosure hinges, according to Office of Ethics chief J. Jackson Walter, on whether Casey was still personally involved in the representing the company during the past two years and whether his services accounted for \$5,000 or more in legal fees he received in either of those years.

Casey was not available for comment.

Details about Casey's involvement with the waste disposal firm, several of whose officers have been convicted on criminal charges for allegedly looting the firm's assets, were provided by Peter M. Sullivan, a former staff lawyer at the SEC. Although now minority counsel to the Senate Select Committee on Intelligence, Sullivan was speaking as a former SEC official.

"As I recall it, they made a big pitch for us not to sue," said Sullivan, who supervised the investigation of SCA Services. He said Casey "came in out of the blue" to back up other Rogers & Wells lawyers defending SCA against allegations that some of its officers had diverted nearly \$4 million in company funds for personal use.

Casey argued that "we're a good company, we're cleaning ourselves up." ... He was supposed to be the show dog to come in and clear it all up," Sullivan said.

CONTINUED

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Casey argued that "we're a good company, we're cleaning ourselves up." . . . He was supposed to be the show dog to come in and clear it all up," Sullivan said.

After he was nominated as CIA director last winter, Casey submitted a financial disclosure report naming 43 firms and individuals whom he had represented at Rogers & Wells. SCA Services was not on the list.

Walter, the ethics chief, said that the disclosure requirements concerning legal clients constitute "a gray area" of the law. He said Casey was not in violation "unless somebody tells me he did \$5,000 worth of billable hours for the client in either of the last two years."

Yesterday, officials at the SEC, the CIA and SCA Services all acknowledged Rogers & Wells as the company's law firm, but refused to say whether Casey had ever done any of the work.

The CIA's general counsel, Stanley Sporkin, who was the SEC's enforcement chief in 1977, said "I don't remember him [Casey] being in that case."

Steven F. Feinstein, SCA Services' vice president for communications, similarly declined to identify who at Rogers & Wells had negotiated with SEC lawyers on behalf of his firm.

At investigative hearings in December and in May, the House Commerce subcommittee on oversight and investigations took testimony from FBI agents, New Jersey state police officials and an undercover informant, Harold Kaufman, about organized crime's control of waste disposal businesses in New Jersey.

One of the firms Kaufman named was SCA Services. The informant charged that its president, Thomas C. Viola, a onetime Bergen County garbage carter, had drawn upon mob connections to expand the company's business in the state.

Viola resigned from SCA last month, denying the allegations but declaring that he could no longer effectively run the company.

The August, 1980, memo from Rogers & Wells partner Jerome L. Wilson was addressed to Viola and outlined a proposed public relations campaign to overcome the negative publicity that has dogged SCA's waste disposal operations in New Jersey. A copy of the memo was made available to The Washington Post by John Kelly, editor of Counterspy magazine.

The SEC complaint against SCA involved similar allegations and ended with a consent decree in which the company agreed not to violate securities laws in the future.

Meanwhile, in New York, an FBI spokesman said yesterday that the bureau is now actively investigating the disappearance of the McNeil brothers and of \$2.5 million in the assets of their company, Triad Energy Corp.

Special correspondent Murray Waas contributed to this article.

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ON PAGE I-3

CHICAGO TRIBUNE
23 JULY 1981

'Crisis building' over CIA's Casey, Moynihan warns

WASHINGTON (AP)—The top Democrat on the Senate Intelligence Committee says a "crisis" is building that could force the resignation of CIA Director William J. Casey.

Sen. Daniel Moynihan of New York, the panel's vice chairman, said he phoned Attorney General William French Smith on Monday evening to deliver the warning.

Moynihan accused the White House and the Justice Department of failing to cooperate in the committee's inquiry into Casey's financial dealings before he was appointed head of the CIA.

"IF THEY ARE going to cover up," he said, "they are going to lose themselves their director of the CIA . . . fast."

In an interview Tuesday, Moynihan said he called Smith the previous evening to caution him that "you have a crisis building up here. You doubtless don't know what is happening, but that isn't to say it won't."

And he told the committee: "If they're not going to help us establish that the director should not resign, then the result will be that he will resign."

However, Sen. Barry Goldwater, (R., Ariz.), the committee chairman, reiterated to reporters Tuesday that he believed Casey "will remain unless we find further allegations against him in the course of the investigation."

MOYNIHAN SAID HE decided to call



Sen. Daniel Moynihan

Atty. Gen. Smith told, "You have a crisis building here."

Smith after committee staff members seeking information about Casey's financial affairs complained that the White House and Justice Department were giving them the run-around.

Justice Department spokesman Tom DeCair said Smith had left his office at the time Moynihan called but returned the call the first thing Tuesday morning and reached Moynihan early in the afternoon.

Moynihan said the attorney general promised to cooperate in the investigation but "did not concede" that committee staff members were having trouble getting information from the department.

At the White House, deputy press secretary Karna Small said officials were returning the committee's calls as soon as possible.

THE COMMITTEE'S inquiry stems

from a finding by a federal judge in New York that during the mid-1970s Casey and other directors of a now-defunct firm, Multiponics Inc., misled potential investors.

The court ruling came to light after Max Hugel, Casey's hand-picked deputy, resigned as chief of CIA clandestine operations when two former business associates alleged that he engaged in illegal or improper stock trading practices. Hugel denied the allegations.

The committee is seeking financial information from the background investigation that the FBI conducted on Casey before his nomination as CIA director.

MOYNIHAN SAID THE committee

sent a formal request for the material to the Justice Department on Tuesday after telephone requests proved unsuccessful. DeCair said the request had been received but the Privacy Act would have to be studied to determine how much of the material could be turned over to the committee.

Before talking to Smith, Moynihan told the committee: "I don't know if the attorney general is afraid to talk to me, doesn't know who I am, or doesn't think what we're doing is important."

Interviewed after their conversation, he said their talk was "very friendly." He said it was the first time, as far as he could recall, that he had ever spoken with Smith.

CIA appointee tied to Ellsberg, Pentagon Papers

By Robert Morton
NEWS WORLD STAFF

The controversy surrounding CIA Director William Casey intensified yesterday when another of his high-level appointees became the object of critical questioning.

On July 7, the administration announced that Henry S. Rowen had been chosen to head the National Intelligence Council — a group responsible for preparing national intelligence estimates for the CIA. Rowen resigned under pressure as president of the Rand Corp. in 1971, reportedly because he collaborated with Daniel Ellsberg in the release of the "Pentagon Papers."

Casey yesterday refused to comment about the selection of Rowen and a spokeswoman told The News World that Casey was "unwilling to make any statements about why he appointed him to that position."

Admiral Bobby R. Inman, CIA deputy director, also declined comment.

'Lax about security'

"I think that the biggest worry is that here is a man who is pretty lax about security — sufficiently lax that he lost his job at Rand," said retired Lt. Gen. Daniel O. Graham, former director of the Defense Intelligence Agency.

"As the boss out there at Rand, he was ultimately responsible for the safeguarding of classified papers," Graham said in a telephone interview from his office at the American Security Council in Washington.

"I do recall that he testified essentially for Ellsberg at the trial. That's a very strange background for a guy



William J. Casey

to get the job that he's getting."

Last week Max Hugel, Casey's deputy in charge of CIA's covert operation section, resigned as a result of what he called "unfounded, unproven, and untrue" allegations in a Washington Post article that he had engaged in "improper" stock market practices in the 1970s.

Intelligence sources said Hugel was the victim of either a personal vendetta from his two former business associates (one of whom — Samuel McNeill — is reported missing) or of "an inside hatchet job at the company."

Although President Reagan has defended Casey, some intelligence specialists are more alarmed by the CIA director's appointment of Rowen than by the apparent shortcomings of the background investigation that preceded Hugel's appointment.

A White House spokesman declined comment on Rowen's selection, saying only that Casey was responsible for the appointment and that "there is no change in this administration's support of Casey."

Rowen, who is (or reportedly was) a close friend of radical leftist Daniel Ellsberg, resigned his posi-

tion as director of the Center for National Security Studies which was founded in 1974 by the radical left-wing think tank, the Institute for Policy Studies.

The CNSS publishes the Covert Action Information Bulletin which exposes the activities of American intelligence agencies and specializes in identifying agents by name.

Warnke headed the Arms Control and Disarmament Agency under the Carter administration. Both he and Gelb, now a New York Times reporter, are known as advocates of a weakened U.S. strategic and military posture.

"For a long time, Rand was turning out papers on strategy and military matters in support of policies that are from our point of view failures," Gen. Graham said.

"Unless Mr. Rowen has changed his mind, and according to some of his statements about the unduly optimistic estimates by the CIA, he may have changed his stripes, that worries me a little bit," he added.

Rowen, who had worked with Ellsberg in Rand's economic division as early as 1959, criticized his friend's disclosure of the Pentagon Papers. Nevertheless his resignation from Rand in 1971 apparently resulted from a breakdown in trust between Rowen and the Department of Defense.

Pentagon officials reportedly feared that he was attracting people to his staff who were antimilitary.

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FOR

PUBLIC AFFAIRS STAFF

PROGRAM

CBS Evening News

STATION

WDVM TV
CBS Network

DATE

July 23, 1981

7:00 PM

CITY

Washington, DC

SUBJECT

More Controversy Over Director Casey

DAN RATHER: CBS News has learned that Senate investigators now claim they have found inconsistencies in testimony CIA Chief William Casey gave Senate committees and in testimony Casey gave in court trials. The investigators from the Senate Intelligence Committee are looking into some of Casey's business dealings in the past. Casey himself is battling what he considers to be an unfair effort to get him to get him to resign.

Robert Shackne has more on the story.

ROBERT SHACKNE: The political pressure on CIA Director William Casey has escalated substantially. Last week Intelligence Committee Chairman Barry Goldwater was privately expressing his unhappiness with the way Casey had been running the CIA. Now Goldwater has told some fellow senators he has advised Casey directly that he ought to quit.

Goldwater was not available for comment, but others who talked to the Intelligence Committee Chairman say Goldwater has told them he's given this recommendation recently to Casey, that in light of what has been happening, it would be best for Casey to step down.

Goldwater is also reported trying to develop a consensus among Republicans on the Intelligence Committee. He is said to feel that Casey is a good and decent man but that his appointment as CIA Director was a mistake.

In examining Casey's background, Senate Intelligence Committee lawyers have found nothing fundamentally new. But the Committee members, including Goldwater, say there are new aspects to some of Casey's past activities that they did not know enough

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about. In other words, no smoking gun but many disturbing details.

The questions about Casey involve his past business activities on Wall Street, when he was alleged in a series of civil lawsuits, to have violated securities law. Also his political activities as a Nixon Administration official during the Watergate years and his handling of the investigation of suspected swindler Robert Vesco.

A number of senators from both parties say they believe that in view of the unhappiness with Casey, in the CIA itself and on the Intelligence Committee, and because of some troublesome new findings, it's only a matter of time before Casey resigns.

Robert Shackne, CBS News Capitol Hill.

RATHER: Persons who say Casey today described him as adamant that he will not quit. He is quoted as saying the White House is behind him. And early this evening Casey was reported to be making new rounds on Capitol Hill trying to muster support.

WASHINGTON STAR
23 July 1981

Administration Aides Meet Hill Probers About Casey

By Henry S. Bradsher
Washington Star Staff Writer

Investigators from the Senate Select Committee on Intelligence yesterday held what committee sources called an amicable meeting with officials from the White House counsel's office and the Justice Department to begin studying confidential files on CIA Director William J. Casey.

The committee asked for the files on Casey's business dealings after questions were raised last week of whether he had, as Sen. Daniel P. Moynihan phrased it, "been involved in illegal activities that would make him unfit to hold his office."

Committee sources said that at a morning meeting "they worked out a course of procedure" and in the afternoon the investigators began looking at FBI files. The investigators met in the morning with a deputy to presidential counsel Fred F. Fielding, Richard Hauser, and a deputy attorney general, Edward C. Schmults.

Fielding said earlier that the requested material had been sent to the Justice Department before the meeting. It included FBI field reports and other material on security checks made when Casey became the head of the Export-Import Bank in the Nixon administration and again when President Reagan named him CIA director.

The committee also asked the White House for any information it might have on a report in the Wilmington, Del., News Journal that a business associate of Casey's in the late 1960s had connections with organized crime. Fielding said that "So far, there's nothing known about this."

White House officials reiterated that they intend to cooperate with the investigation. Moynihan, D-N.Y., complained Tuesday of a lack of administration cooperation, but officials insisted that they responded to requests as soon as they received letters about them.

[President Reagan and Casey both denied yesterday that Casey plans to resign in the wake of recent criticism of his past business dealings, the Associated Press reported.]

[There were numerous rumors yesterday that Casey was about to quit.]

[Reagan was asked about the rumors after he attended a Capitol Hill reception. A reporter shouted, "Is Director Casey going to resign?"]

[Reagan paused, shook his head "no" and mouthed the word "no." Then he entered his limousine for the return trip to the White House.]

[White House deputy press secretary Larry Speakes said he did not know the source of the rumors.]

[Casey, according to CBS, told at least one senator yesterday that he had no plans to resign.]

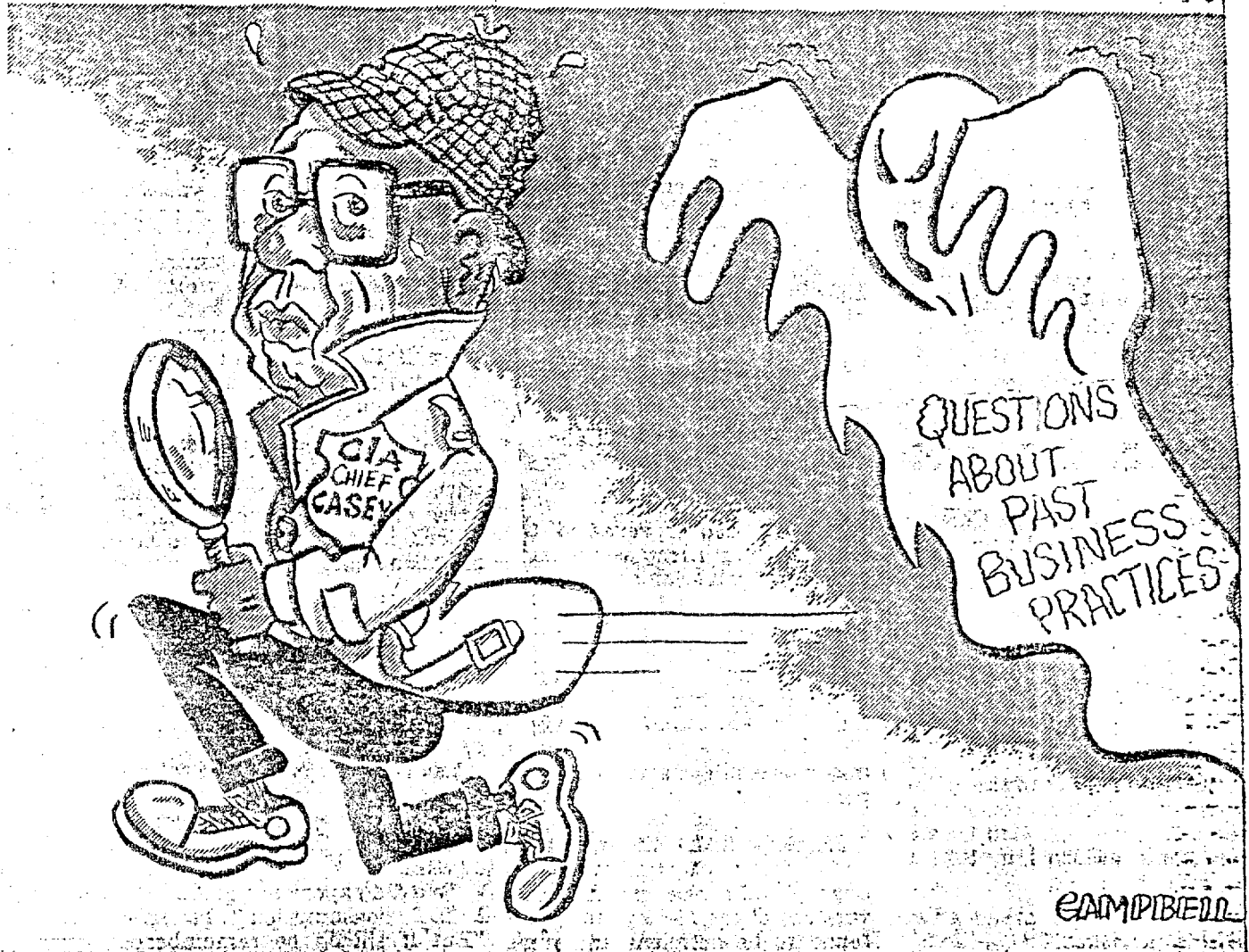
The investigation was the result of concern on the Senate committee that Casey had put into a sensitive CIA position one of his political aides, Max C. Hugel, despite allegations about his business practices, which Hugel later said resulted in a blackmail attempt against him.

Hugel resigned under White House pressure when accusations about those activities were publicized last week.

Committee staffers are looking in to the security procedures that allowed Hugel to get the job without his business problems coming to light as well as studying questions about Casey's own record.

NASHVILLE TENNESSEAN
23 July 1981

Spooks



ARTICLE APPEARED
ON PAGE A-7

BALTIMORE SUN
22 JULY 1981

Attorney general promises to aid in CIA director probe

By Curt Matthews

Washington Bureau of The Sun

Washington—Attorney General William French Smith moved quickly yesterday to put down charges by Senator Daniel Patrick Moynihan (D, N.Y.) that the Justice Department was obstructing a Senate investigation of William J. Casey, the director of central intelligence.

"The attorney general called the senator this morning and promised to cooperate fully," a Justice Department press officer said.

Senator Moynihan had complained earlier in the day at a meeting of the Senate Select Committee on Intelligence that he was "outraged" at the lack of cooperation by Reagan administration officials into a probe of Mr. Casey's personal financial dealings.

"If they're not going to help us establish that the director should not resign,

then the result will be that he will resign," Mr. Moynihan warned before getting the call from Mr. Smith.

The senator said that committee staff members had tried unsuccessfully for several days to obtain files from the White House and the Department of Justice regarding Mr. Casey's role in a now defunct firm called Multiponics, Inc., and his association with Carl Biehl, a former director of the firm.

Mr. Biehl, according to reports in a Wilmington (Del.) newspaper, is well known to the Department of Justice because of his alleged ties to organized crime figures in a number of shipping ports along the Gulf Coast. Mr. Biehl reportedly was offered immunity from prosecution in return for his cooperation in an investigation of crime on the docks.

However, the Justice Department refused yesterday to confirm that report or to say if Mr. Biehl, a codefendant with Mr. Casey in a stockholder suit arising out of the bankruptcy of Multiponics, has been participating in any recent department investigations.

The chairman of the Select Committee on Intelligence, Senator Barry Goldwater (R, Ariz.), said Monday that, depending on the information turned up in Washington, members of the committee staff may be dispatched to New Orleans to examine records of the defunct business venture directed by Mr. Casey and Mr. Biehl.

On May 19, a federal judge in New York, acting on another stockholder suit related to Multiponics, said that the company's management misled potential in-

vestors in the firm. Last year, a federal appeals court in New Orleans declared that the firm's management drove the company deep into debt and appeared to be more concerned with personal profit than the interest of investors.

Senator Goldwater said earlier this week that although he had hoped to complete the investigation of Mr. Casey in just a few days, it now appears that the probe will go on until the end of July.

The personal financial dealings of Mr. Casey became a matter of controversy after Max Hugel, a former deputy director of the CIA in charge of spy operations, was forced to resign because of allegations of financial misconduct.

Mr. Hugel, who was brought into the CIA job at the insistence of Mr. Casey and over the objection of some longtime professional staff members in the agency, has been charged by two New York businessmen with manipulating stock prices and trading on "insider" information in the mid-1970s. Mr. Hugel has denied any wrongdoing in relation to the allegations.

It was reported Monday that Samuel F. McNeil, one of the two Wall Street investors who brought the charges against Mr. Hugel, had disappeared. However, neither the FBI nor the New York City Police Department said they had been notified of the disappearance and were not searching for Mr. McNeil.

Moynihan Warns Administ Shape Up on Casey Inquiry

By George Lardner Jr.
Washington Post Staff Writer

Sen. Daniel Patrick Moynihan (D-N.Y.) accused the White House and the Justice Department yesterday of failing to cooperate in the Senate inquiry into the business dealings of CIA Director William J. Casey and warned them to shape up "damn fast."

Moynihan, ranking Democrat on the Senate Intelligence Committee, said the panel's efforts to secure information about Casey's activities from the administration since last week had been repeatedly frustrated.

"If they are going to cover up," he warned, "they are going to lose themselves their director of the CIA damn fast."

Moynihan's outburst indicated that the Casey issue could be a political problem for the Reagan administration.

He voiced his indignation yesterday morning at a committee hearing on proposals to exempt the CIA and other intelligence agencies from the requirements of the Freedom of Information Act.

Moynihan said he found himself much less sympathetic to the idea than he was a year ago when he sponsored a similar measure.

"The administration," he protested, "is taking a very curious view as to what the public and the Congress need to know. They had better learn there is such a thing as openness in government."

The intelligence panel ordered its staff last week to begin a preliminary investigation of allegations of financial misconduct by Casey and his former chief of covert operations, Max Hugel.

Hugel resigned as the CIA's deputy director for operations last Tuesday following disclosure in *The Washington Post* of his dealings with two former Wall Street brokers who accused him of giving them "insider" information in the early 1970s to boost stock prices in Hugel's company.

The resulting hubbub brought to light two court rulings critical of Casey's performance as a director and officer of Multiponics Inc., a bankrupt agribusiness that a federal appeals court in New Orleans said had been driven "deeper and deeper into debt."

The committee inquiry is focused on Casey and, it appears, could extend well into the August recess. Despite promises of "complete cooperation" from the White House

press office last Friday, Moynihan said one call after another to the White House and to Attorney General William French Smith had been ignored.

"For the past two days we have been trying to find out whether the director of the CIA has been involved in activities that would make him unfit to hold his office," Moynihan said.

"We called the White House and we called the White House and we called the White House and nobody answers," Moynihan said he also called the attorney general several times "and he does not answer."

"Maybe he doesn't know who I am, or maybe he doesn't know what goes on up here, or think it matters," Moynihan said.

"Well, it damn well does matter . . . They had better help us establish whether or not the director of the CIA should resign."

A staff aide said later that the CIA, by contrast, has been forthcoming. Moynihan did not mention what records the committee wants from the White House and Justice, but it was learned that they include the FBI's background investigations of Casey last winter in connection with his CIA nomination and in 1973, the year before he became head of the Export-Import Bank.

The senator's interest, an aide said, had been galvanized by a weekend report in the *Wilmington (Del.) News Journal* that said Carl Biehl, one of the men who founded Multiponics with Casey in 1968, had links to organized crime.

The newspaper asserted that Biehl, whose family stevedoring company does business on the Gulf Coast, has agreed to supply federal investigators information on organized crime activities in the New Orleans-Galveston area.

Committee Chairman Barry Goldwater (R-Ariz.) offered only one observation at the hearing, telling Moynihan that Casey was "out of town" at the moment but "if you want his phone number I'll give it to you."

Later, Goldwater told reporters he suspected the reason for silence from the White House was that "there's nobody in the White House. He [Moynihan] should know that. They're all up in Ottawa" at the economic summit.

But when asked whether there was a cover-up under way, Goldwater said only: "I couldn't say yes."

" . . . I expect it'll be a week or so before we get any dope," Goldwater added. He said

"the staff is looking into things we've been told, both published and unpublished," but said he thought most of the items must have been printed somewhere at some point during Casey's long government career and the repeated confirmation hearings he has undergone.

One CIA official said he had no idea what the outcome will be, but said the inquiry seemed to be "kind of like a snowball going downhill."

Moynihan's shot across the administration's bow had two quick results in less than an hour. He left the hearing clutching messages that two people had just called him: White House counsel Fred Fielding and Attorney General Smith.

By day's end, Moynihan had been mollified to the extent that he was allowing that the "give us your files" episode was "the first of a kind" for the Reagan team. He said that Smith had told him "he wanted to cooperate fully with the committee . . .

"All I was trying to do was to get the people whose job it is to provide us information to do so," Moynihan said in a telephone interview yesterday afternoon.

Fielding reportedly gave assurances that committee staff director John Blake and his aides will be given access to the FBI records on Casey today. The Senate investigators also want to see any records on Biehl.

The newspaper said that information on Biehl's connections had come from federal surveillances and wiretaps of organized-crime figures in Washington and New Orleans.

One federal law enforcement official said yesterday, however, that the FBI had found only one reference to Biehl in its records and it was "an innocuous one."

Committee investigators are expected to examine the voluminous court records in New Orleans involving Multiponics shortly. As far as Hugel is concerned, sources say, the committee is concerned primarily with the failure of the CIA's security investigators to sound even a mild alarm about his business career.

Moynihan told a reporter Monday night that the Hugel aspect of the inquiry should be the "less difficult" to resolve.

As for Casey's dealings, he said: "I expect this to be a more complex enterprise, and it gets more complex by the hour . . . We have to satisfy ourselves, and we are not going to be satisfied easily."